

SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.

JUNE 30, 2017

HAMMOND, LOUISIANA

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Independent Auditor's Report

To the Board of Directors of
Southeastern Louisiana University
Alumni Association, Inc.
500 W. Columbus Drive
Hammond, Louisiana

We have audited the accompanying financial statements of Southeastern Louisiana University Alumni Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana University Alumni Association, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Southeastern Louisiana University Alumni Association, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Respectfully submitted,

Hammis T. Bourgeois, LLP

Baton Rouge, Louisiana
December 12, 2017

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR 2016

| | <u>ASSETS</u> | |
|--|-------------------|-------------------|
| | <u>2017</u> | <u>2016</u> |
| Current Assets: | | |
| Cash | \$ 243,575 | \$ 249,545 |
| Receivables, Net | 47,132 | 28,452 |
| Prepaid Deposits | 5,246 | 3,679 |
| Total Current Assets | 295,953 | 281,676 |
| Receivables, Net | 27,971 | 33,805 |
| Property and Equipment - at Cost Less Accumulated Depreciation of \$431,082 in 2017 and \$412,046 in 2016 | 330,399 | 349,435 |
| Total Assets | <u>\$ 654,323</u> | <u>\$ 664,916</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 21,539 | \$ 20,515 |
| Note Payable (Due Within One Year) | 6,525 | 6,232 |
| Deferred Membership Dues | 30,064 | 32,859 |
| Total Current Liabilities | 58,128 | 59,606 |
| Long-Term Liabilities: | | |
| Deferred Membership Dues | 183,938 | 172,195 |
| Notes Payable (Due After One Year) | 5,002 | 12,226 |
| Total Long-Term Liabilities | 188,940 | 184,421 |
| Total Liabilities | 247,068 | 244,027 |
| Net Assets: | | |
| Unrestricted | 386,263 | 399,897 |
| Temporarily Restricted | 20,992 | 20,992 |
| Total Net Assets | 407,255 | 420,889 |
| Total Liabilities and Net Assets | <u>\$ 654,323</u> | <u>\$ 664,916</u> |

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR 2016

| | 2017 | | | 2016 |
|---|-------------------|---------------------------|-------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total | Total |
| Support and Revenue: | | | | |
| Membership Dues | \$ 60,818 | \$ - | \$ 60,818 | \$ 65,614 |
| Student Fees | 120,538 | - | 120,538 | 125,155 |
| Special Events | 25,093 | - | 25,093 | 31,358 |
| Alumni Scholarship Fund | - | 25 | 25 | - |
| Royalties | 18,130 | - | 18,130 | 14,910 |
| Other Income | 22,993 | 133 | 23,126 | 53,155 |
| Interest | 2,096 | - | 2,096 | 2,080 |
| Total Support and Revenue | 249,668 | 158 | 249,826 | 292,272 |
| Net Assets Released from Restrictions: | | | | |
| Restrictions Satisfied by Payments | 158 | (158) | - | - |
| Total Support and Revenue | 249,826 | - | 249,826 | 292,272 |
| Expenses: | | | | |
| Program Services: | | | | |
| Alumni Center | 49,976 | - | 49,976 | 52,079 |
| University Promotions | 33,913 | - | 33,913 | 45,193 |
| Southeastern Development Foundation, Inc. Contribution | - | - | - | 1,000 |
| Special Events | 42,019 | - | 42,019 | 47,115 |
| Chapter Expenses | 1,155 | - | 1,155 | 3,663 |
| Supporting Services: | | | | |
| Management and General | 134,507 | - | 134,507 | 157,537 |
| Membership Expenses | 1,890 | - | 1,890 | 9,086 |
| Total Expenses | 263,460 | - | 263,460 | 315,673 |
| Change in Net Assets | (13,634) | - | (13,634) | (23,401) |
| Net Assets at Beginning of Year | 399,897 | 20,992 | 420,889 | 444,290 |
| Net Assets at End of Year | \$ 386,263 | \$ 20,992 | \$ 407,255 | \$ 420,889 |

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR 2016

| | 2017 | 2016 |
|--|-------------|-------------|
| Cash Flows From Operating Activities: | | |
| Change in Net Assets | \$ (13,634) | \$ (23,401) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 19,036 | 19,037 |
| Changes in Assets and Liabilities: | | |
| (Increase) Decrease in Accounts Receivable | (12,846) | (27,251) |
| (Increase) Decrease in Prepaid Deposits | (1,567) | (669) |
| Increase (Decrease) in Accounts Payable | 1,024 | (2,729) |
| Increase (Decrease) in Deferred Revenue | 8,948 | 66,917 |
| Net Cash Provided by (Used in) Operating Activities | 961 | 31,904 |
| Cash Flows From Financing Activities: | | |
| Repayment of Notes Payable | (6,931) | (6,617) |
| Net Cash Provided by (Used in) Financing Activities | (6,931) | (6,617) |
| Net Increase (Decrease) in Cash | (5,970) | 25,287 |
| Cash - Beginning of Year | 249,545 | 224,258 |
| Cash - End of Year | \$ 243,575 | \$ 249,545 |
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash Payment for: | | |
| Interest | \$ 702 | \$ 1,015 |

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1 - Summary of Significant Accounting Policies -

General

The Southeastern Louisiana University Alumni Association, Inc. (the Association) is a non-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The mission of the Association is to preserve and strengthen the bonds of friendship existing among Southeastern Louisiana University's former students; to foster, preserve and perpetuate the University's ideals and traditions so as to enhance its prestige as an institution of learning; and establish strong ties between the University and its former students in order to promote its educational and physical growth.

The Southeastern Louisiana University Alumni Association, Inc. was incorporated December 5, 1948, under the provisions of Louisiana Revised Statutes 12:101-155 as a non-profit corporation.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair values.

Accounts Receivable

The Association uses the direct write-off method for uncollectible accounts receivable. No allowance for bad debts has been provided as no material write-offs are expected for accounts receivable at June 30, 2017.

The non-current portion of the receivable balance of \$27,971 has scheduled payments over the following fiscal years based on agreed upon terms with contributors as follows: \$13,613 for 2019, \$10,210 for 2020, and \$4,148 for 2021.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed Services

During the year ended June 30, 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Association considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Property and Equipment

Property and equipment is recorded at cost except for donated property. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs are charged to the programs and supporting services benefited.

Income Taxes

The Association is exempt from income taxes per Section 501(c)(3) as a nonprofit entity and, accordingly, the financial statements do not reflect a provision for income taxes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the

financial statements. Under this guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2017.

The Association files income tax returns in the U.S. federal jurisdiction. With few exceptions, the Association is no longer subject to federal income tax examinations by tax authorities for years before 2013. Any interest and penalties assessed by income taxing authorities are not significant and are included in management and general expenses in these financial statements, if applicable.

Summary Financial Information for 2016

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association’s financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2017, all of the Association’s bank deposits were insured by the Federal Deposit Insurance Corporation.

Subsequent Events

The Association evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 12, 2017, the date which the financial statements were available to be issued.

Note 2 - Restrictions on Net Assets -

Temporarily restricted assets are available for the following purposes:

| | |
|-------------------------|------------------|
| The Alumni Center | \$ 7,164 |
| ROTC Scholarship Fund | 58 |
| Alumni Scholarship Fund | <u>13,770</u> |
| | <u>\$ 20,992</u> |

Changes in Temporarily Restricted Net Assets for the fiscal year ended June 30, 2017 are as follows:

| | |
|--|------------------|
| Temporarily Restricted Net Assets at July 1, 2016 | \$ 20,992 |
| Increase in Temporarily Restricted Net Assets | 158 |
| Net Assets Released from Restrictions: | |
| Alumni Scholarship Fund | (25) |
| The Alumni Center | <u>(133)</u> |
| Temporarily Restricted Net Assets at June 30, 2017 | <u>\$ 20,992</u> |

Note 3 - Property and Equipment -

Property and equipment as of June 30, 2017 consists of the following:

| | |
|--------------------------------|-------------------|
| Building | \$ 761,481 |
| Less: Accumulated Depreciation | <u>(431,082)</u> |
| | <u>\$ 330,399</u> |

Depreciation of \$19,036 was charged to Program Services - Alumni Center for the fiscal year ended June 30, 2017.

Note 4 - Notes Payable -

The details of notes payable as of June 30, 2017 are as follows:

First Guaranty Bank

Unsecured note in the original amount of \$30,675, with an interest rate of 4.90% per annum. On February 6, 2013, the Association refinanced the remaining balance of \$17,068 and borrowed an additional \$22,932 for a total note of \$40,000 with First Guaranty Bank with an interest rate of 4.50% per annum until February 6, 2019, payable in 72 payments of \$636

\$ 11,527

Less: Current Portion

(6,525)

\$ 5,002

Maturities of the long-term portion of debt are as follows:

June 30, 2019

5,002

\$ 5,002

Interest expense for the year ended June 30, 2017 was \$702.

Note 5 - Leases -

Lease

In connection with the construction of the Alumni Center, the Association (Tenant) entered into an agreement with the Board of Trustees for State Colleges and Universities (Landlord), a political subdivision of the State of Louisiana on October 7, 1993, to lease property located in Hammond, Louisiana. The Association had previously constructed a building on the leased premises, which they occupy as their Administrative offices. The term of the lease commenced on the day of execution of the agreement for a term of 99 years. The consideration of the lease is the construction of improvements by the Tenant on the leased premises. In addition, the Tenant shall pay as rent the sum of \$1.00 per year commencing from the date of substantial completion of the Tenant's improvement through the remaining term of the lease. Conditions of the lease also provide that the leased premises are to be used

by the Association and Southeastern Louisiana University. The Landlord agrees to assume responsibility for maintenance, repair, and replacement obligations and all obligations to pay utilities, sewer, telephone and other communication services used on the leased premises, all taxes, and insurance in amounts reasonably satisfactory to the Tenant. The agreement also provides for subleasing a portion of the premises to Southeastern Louisiana University.

Sublease Agreement

On October 7, 1993, the Association entered into a sublease agreement with Southeastern Louisiana University. The sublease refers to the premises leased in the preceding paragraph. The sublease provides for the Association to reserve approximately 3,000 square feet of office space together with the non-exclusive use of restroom facilities, work area, conference room, and banquet room. The Association specifically reserves the exclusive right to sublease the banquet room. Beginning in the fiscal year ended June 30, 2010, annual lease payments amount to \$1 per year.

Note 6 - Related Parties -

The Southeastern Development Foundation, Inc. ("Foundation"), a non-profit organization, occupies offices in the Alumni Center. These offices are leased from the Association by Southeastern Louisiana University ("University") who provides for the use by the Foundation. The Foundation obtains donations for the University and also for the Association.

Student fees are collected by the University on behalf of the Association. For the years ended June 30, 2017 and 2016, student fees amounted to \$120,538 and \$125,155, which made up approximately 48% and 43% of revenue, respectively. The University also provides administrative and accounting services for the Association, which are included in expenses in the Statement of Activities. As of June 30, 2017 and 2016, the Association had balances due from the University of \$22,678 and \$6,657, respectively. These balances are included in receivables in the Statement of Financial Position. These are open balances with no set repayment terms or interest rates.

Note 7 - Contractual Commitments -

The Association entered into an agreement with an organization to market certain insurance products to its members. The agreement requires the Association to transfer member and graduate lists to the organization along with including the organization's logo on certain types of the Association's communications with its members in exchange for royalty and sponsorship payments. The agreement includes total payments of \$95,000. The payments are in various agreed upon amounts from March 2014 through March 2019 and are contingent upon the Association providing the necessary information and meeting certain terms of the agreement. At June 30, 2017, the remaining commitment under the terms of this agreement was \$44,000.